

BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

Request for Extended Calling Area From)
Bluffton/Sun City Hilton Head Area to)
Hilton Head Island)
_____)

Docket No. 2005-204-C

Petition of Bluffton Telephone Company)
and Hargray Telephone Company to)
Implement Extended Area Service (EAS))
_____)

Docket No. 2006-99-C

DIRECT TESTIMONY OF MARK D. REINHARDT

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 **A.** My name is Mark D. Reinhardt. My business address is 856 William Hilton Parkway,
3 Hilton Head Island, South Carolina 29928.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

6 **A.** I am Director of Marketing for Hargray Communications Group, Inc., the parent
7 company of Bluffton Telephone Company and Hargray Telephone Company.

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ELECTRONIC FILING INSTRUCTIONS.**

1 **Q. PLEASE BRIEFLY STATE YOUR BACKGROUND AND EXPERIENCE IN THE**
2 **COMMUNICATIONS INDUSTRY.**

3 **A.** I have worked in the communications industry for 25 years. Prior to joining Hargray
4 three years ago, I was the General Manager for Adelphia in Hilton Head, South Carolina,
5 where I worked in the Hilton Head system for 22 years.

6
7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

8 **A.** I am testifying on behalf of Bluffton Telephone Company ("Bluffton") and Hargray
9 Telephone Company ("Hargray") (collectively "the Petitioners"). The purpose of my
10 testimony is to describe the Extended Area Service ("EAS") plan that Petitioners are
11 proposing to provide in their respective service areas in response to customer needs and
12 desires.

13
14 **Q. PLEASE GIVE A BRIEF OVERVIEW OF THE PETITIONING COMPANIES.**

15 **A.** Bluffton and Hargray are incumbent local exchange telephone companies organized and
16 doing business under the laws of the State of South Carolina. Each of the companies is a
17 rural telephone company as that term is defined under federal law, and a small local
18 exchange carrier as that term is defined under state law.

1 **Q. HOW MANY ACCESS LINES AND IN WHAT GEOGRAPHIC EXCHANGES DO**
2 **BLUFFTON AND HARGRAY CURRENTLY SERVE IN THEIR RESPECTIVE**
3 **SERVICE AREAS?**

4 **A.**As of the date the application was filed, Bluffton served approximately 20,700 access lines
5 in its service area, and Hargray served approximately 50,300 access lines in its service
6 area. Bluffton serves one local exchange (the Bluffton exchange), and Hargray serves two
7 local exchanges (the Hardeeville exchange and the Hilton Head exchange). Bluffton's
8 Bluffton exchange is geographically located between Hargray's two exchanges.

10 **Q. ARE DISCOUNTED CALLING PLANS CURRENTLY BEING OFFERED TO**
11 **CUSTOMERS?**

12 **A.**Currently, Bluffton customers may call the following exchanges at a discounted Measured
13 Extended Area Service ("MEAS") rate of 4 cents per minute: Hilton Head, SC;
14 Ridgeland, SC; Pooler, GA; Hardeeville, SC; St. Helena, SC; Tybee Island, GA; Beaufort,
15 SC; Laurel Bay, SC; and Savannah, GA. Likewise, Hargray customers may call the
16 following exchanges for the discounted rate of 4 cents per minute under the MEAS plan:
17 Ridgeland, SC; Pooler, GA; Bluffton, SC; St. Helena, SC; Tybee Island, GA; Beaufort,
18 SC; Laurel Bay, SC; and Savannah, GA. In addition, Bluffton offers an Extended Flat
19 Rate Service that allows unlimited calling from the Bluffton Exchange to Hargray
20 Telephone Company's exchanges at a flat rate of \$10 per month for residential customers
21 and \$20 per month for business customers.

22 Similarly, Hargray offers an Extended Flat Rate Service that allows unlimited calling to
23 the Bluffton Exchange and to both Hargray exchanges at a flat rate of \$10 per month for

1 residential customers and \$20 per month for business customers. Bluffton's and
2 Hargray's affiliated long distance company also offers an unlimited long distance plan for
3 \$24.99 that provides Bluffton and Hargray customers who subscribe to the plan with
4 unlimited calling to anywhere in the continental United States.

5
6 **Q. WHAT ARE THE PETITIONERS SEEKING TO PROVIDE?**

7 **A.** Bluffton and Hargray are responding to specific customer concerns and requests in
8 seeking to offer wide-area calling at a fixed, affordable rate in accordance with customer
9 calling patterns. To benefit customers in the form of the expanded local calling they
10 desire, Petitioners propose to replace the current MEAS calling and Extended Flat Rate
11 Service plans currently offered by the respective companies with EAS throughout the
12 Bluffton and Hargray local and MEAS service areas. The Petitioners' affiliated long
13 distance company would continue to offer its current nationwide unlimited long distance
14 calling plan.

15
16 **Q. WHY SHOULD THE ALREADY-AVAILABLE CALLING PLANS BE**
17 **REPLACED WITH THE PROPOSED PLAN?**

18 **A.** Customer calling patterns and requests to increase the number of communities that
19 customers can call in their area without being charged for long distance or incurring per-
20 minute charges indicate a desire for wide-area calling. For instance, the Commission is
21 currently studying a request for local calling from Bluffton to Hilton Head. Granting the
22 Petitioners' instant requests would provide for comprehensive, seamless service that is

1 responsive to customers' concerns and desires for expanded calling in this region of the
2 State and, further, would avoid piecemeal, "temporary fixes."

3
4 **Q. WHAT LED THE PETITIONERS TO PROPOSE THIS PLAN?**

5 **A.** The Petitioners have had inquiries from customers over the years regarding expanded
6 calling. The plans that are currently in place represent attempts by the companies to
7 tailor plans that will meet our customers' needs and desires. A customer recently filed a
8 complaint with the Commission seeking EAS from Bluffton to Hilton Head (Docket No.
9 2005-204-C). In investigating the matter, it became clear to us that such a plan would
10 provide only an additional limited option for a small group of customers. However, the
11 request is indicative of the kind of expanded calling that our customers have expressed an
12 interest in, albeit over multiple routes throughout the local and MEAS areas served by
13 Petitioners. We started looking at ways that we could provide a more comprehensive
14 solution to our customers' calling needs, and we believe the proposed plan accomplishes
15 that.

16
17 **Q. WHAT IS THE POTENTIAL REVENUE IMPACT IF THE COMMISSION**
18 **GRANTS THE PETITION AND ALLOWS BLUFFTON AND HARGRAY TO**
19 **IMPLEMENT EAS THROUGHOUT THEIR RESPECTIVE LOCAL AND MEAS**
20 **SERVICE AREAS?**

21 **A.** If implemented, Bluffton and Hargray can offer the proposed plan with a mandatory
22 monthly EAS adder of \$2.25 for residential customers and \$4.50 for business customers.

1 The actual cost results showed a monthly impact of \$2.42 for residential customers and
2 \$4.85 for business customers.

3
4 **Q. WOULD RATES FOR OTHER PLANS BE REDUCED AS A RESULT OF**
5 **IMPLEMENTATION OF THE EAS PLAN?**

6 **A.** Yes. As part of the overall restructuring and simplification of extended area calling, the
7 Petitioners' affiliated long distance carrier, Hargray Long Distance, would reduce the rate
8 for unlimited nationwide calling from \$24.99 to \$22.74. This reduction would ensure that
9 Bluffton and Hargray customers who currently subscribe to unlimited nationwide calling
10 would continue to pay the same amount for the same calling scope they currently enjoy.
11 Instead of paying \$24.99 for unlimited nationwide calling, which includes the current
12 MEAS exchanges, they will pay \$22.74 for unlimited nationwide calling and \$2.25 for EAS,
13 so that both the rate and the calling scope would remain the same for these customers.

14
15 **Q. IF THE COMMISSION GRANTS THE PETITIONERS' REQUESTS, WILL**
16 **CUSTOMERS SEE A CHANGE IN THEIR BILLS?**

17 **A.** Based upon current subscription to Extended Flat Rate Calling and unlimited nationwide
18 calling, and current calling patterns utilizing MEAS service, approximately 63% of
19 residential customers and 52% of business customers would either experience a decrease or
20 would see no change in their total bills for expanded area calling. The remaining customers
21 would likely see a small increase, which would not exceed \$2.25 (for residential customers
22 who make no MEAS calls) and \$4.50 (for business customers who make no MEAS calls).
23 Almost 99% of Petitioners' customer lines currently make at least some MEAS calls.

1 **Q. WILL GRANTING THE PETITION OF BLUFFTON AND HARGRAY SERVE**
2 **THE PUBLIC INTEREST?**

3 **A.** Yes. The public interest of the citizens of the South Carolina will be served by granting
4 the Petition. The proposed plan will provide a simple, comprehensive, long-term,
5 affordable solution to the expanded calling needs of customers in the respective service
6 areas served by Bluffton and Hargray. Additionally, because of the scope of the
7 proposed plan, it would provide for unlimited calling to local government offices and
8 medical facilities.

9
10 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 **A.** Yes.